

| Guide for Review of RHED Financial Management | | |
|--|----------------------------------|--------------|
| Name of Program Participant: | | |
| Grant Number(s): | NOFA Date(s): | |
| Date of Executed Grant Agreement(s): | Date of Any Amendment(s): | |
| Date Funds Obligated: | | |
| Staff Consulted: | | |
| Name(s) of Reviewer(s): | | Date: |

NOTE: All questions that address requirements contain the citation for the source of the requirement (statute, regulation, NOFA, or grant agreement). Except for question 47, if the requirement is not met, HUD must make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements, but are included to assist the reviewer in understanding the participant's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a "**finding**."

Instructions: This Exhibit is to be used to monitor the RHED program participant's conformity to financial management requirements. The Exhibit is divided into 8 sections covering: Financial Management System; Advances; the SF-272, Federal Cash Transaction Report; Internal Controls; Accuracy of Report Information; Salaries and Wages; Indirect Costs; and OMB Circular A-133. The program participant's financial management system is to be reviewed for compliance with 24 CFR Part 84 and OMB Circular A-122, or 24 CFR Part 85 and OMB Circular A-87, as applicable, depending on the type of entity being monitored (as noted in the "Type of Applicant" section on the SF-424 Form).

Questions:

A. FINANCIAL MANAGEMENT SYSTEM

1.

| | |
|---|---|
| Does the RHED program participant record amounts budgeted for eligible activities as specified in the grant agreement? [RHED Grant Agreement, Article I, Sections D and E] | <input type="checkbox"/> <input type="checkbox"/> Yes No |
| Describe Basis for Conclusion: <div style="height: 150px; border: 1px solid black;"></div> | |

2.

| | |
|---|---|
| [OS] Does the RHED program participant record an encumbrance when contracts are executed, purchase orders issued, etc.? NOTE: If encumbrances are not recorded, the program participant should maintain information on obligations that is readily accessible. [RHED Grant Agreement, Article I, Sections D and E] | <input type="checkbox"/> <input type="checkbox"/> Yes No |
| Describe Basis for Conclusion: | |

3.

| | |
|---|---|
| [OS] Based upon a selected sample, are expenditures supported by source documents (e.g. invoices, contracts, or purchase orders)? [RHED Grant Agreement, Article I, Sections D and E] | <input type="checkbox"/> <input type="checkbox"/> Yes No |
| Describe Basis for Conclusion: | |

4.

| | | |
|---|---|--|
| a. Is the accounting system based upon cash or accrual? | | |
| Describe Basis for Conclusion: | | |
| [OS] b. If the RHED program participant operates on a cash system, can it support accrual data in the semi-annual report(s) from documentation on hand? (Compare the actual submitted quarterly and semi-annual reports with the participant's on-site data.) [RHED Grant Agreement, Article V] | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A | |
| Describe Basis for Conclusion: | | |

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|--|---|
| <p>[OS] c. If the answer to question “4.a” is “accrual,” does the information reported to HUD reconcile with accounting records for the period reviewed?</p> <p>[RHED Grant Agreement, Article I, Sections D and E]</p> | <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> </div> <div style="display: flex; justify-content: space-around; font-weight: bold; font-size: small;"> Yes No N/A </div> |
| <p>Describe Basis for Conclusion:</p> <div style="height: 60px; border: 1px solid black;"></div> | |

5.

| | |
|---|---|
| <p>[OS] Does the RHED program participant identify expenditures for the grant projects?</p> <p>[RHED Grant Agreement, Article I, Sections D and E]</p> | <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> <input type="checkbox"/> </div> <div style="display: flex; justify-content: space-around; font-weight: bold; font-size: small;"> Yes No </div> |
| <p>Describe Basis for Conclusion:</p> <div style="height: 60px; border: 1px solid black;"></div> | |

6.

| | |
|---|---|
| <p>Does the RHED program participant identify expenditures in its accounting records according to eligible activity classifications specified in the Grant Agreement Line Item Budget that clearly identify the use of RHED funds for eligible activities?</p> <p>[RHED Grant Agreement, Article I, Sections D and E]</p> | <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> <input type="checkbox"/> </div> <div style="display: flex; justify-content: space-around; font-weight: bold; font-size: small;"> Yes No </div> |
| <p>Describe Basis for Conclusion:</p> <div style="height: 60px; border: 1px solid black;"></div> | |

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7.

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| [OS] Did the record review indicate any instances of ineligible expenditures as a result of the Grant Agreement and Grant Application? (If the answer is "yes," describe the deficiency, including the requirement(s) not met.) [RHED Grant Agreement, Article I, Sections D and E] | <input type="checkbox"/> <input type="checkbox"/> Yes No |
| Describe Basis for Conclusion: | |

8.

| | |
|--|--|
| [OS] Do accounting records include unexpended/unobligated balances? [RHED Grant Agreement, Article I, Sections D and E] | <input type="checkbox"/> <input type="checkbox"/> Yes No |
| Describe Basis for Conclusion: | |

B. ADVANCES

9.

| | |
|--|---|
| [OS] If the RHED program participant requests funds in advance (and is not on a reimbursement basis), does the participant minimize the time elapsed between the transfer of funds from the U.S. Treasury and their disbursement? [Grant Agreement, Article I, Section D and E] | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A |
| Describe Basis for Conclusion: | |

10.

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|--|--------------------|-------------------------|--------------------------------|
| If funds are advanced to the program participant, review an advance request (or a sample) and complete the following (adding more lines as necessary): | | | |
| Date of Request: _____ | | Amount: \$ _____ | Date Received: _____ |
| Payee | Amount Owed | Date Due | Date Dispersed to Payee |
| | | | |
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11.

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|---|---|
| <p>[OS] If the RHED program participant <u>advances grant funds to subrecipients</u>, does the participant minimize the time elapsed between the transfer of funds to, and disbursement by, the subrecipients?</p> <p>[Grant Agreement, Article I, Sections D and E]</p> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A |
| <p>Describe Basis for Conclusion:</p> | |

12.

| | | | |
|--|--------------------|-------------------------|--------------------------------|
| If funds are advanced to subrecipients, review an advance request (or a sample) from a subrecipient and complete the following (adding more lines as necessary): | | | |
| Date of Request: _____ | | Amount: \$ _____ | Date Received: _____ |
| Payee | Amount Owed | Date Due | Date Dispersed to Payee |
| | | | |
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Rural Housing and Economic Development (RHED) Program

C. SF-272, FEDERAL CASH TRANSACTIONS REPORT

13.

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|---|--------------------------|--------------------------|
| Has the RHED program participant submitted timely and complete SF-272, Federal Cash Transactions Reports, for the last three semi-annual reporting periods? [Grant Agreement, Article I, Sections D and E] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |
| | | |

14.

| | | |
|---|--------------------------|--------------------------|
| a. Does a review of submitted SF-272 reports compare with the program participant's actual records? | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |
| | | |

| | | |
|--|--------------------------|--------------------------|
| b. Does HUD's review of the reports identified above indicate any instance(s) where HUD identified problems with cash advances that have been received and held in excess of three days? [Grant Agreement, Article I, Sections D and E] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |
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|---|--|
| c. If HUD has required the RHED program participant to provide narrative explanations of actions taken to reduce excess balances of cash advances provided to, has the program participant provided such justification? [Grant Agreement, Article I, Sections D and E] | <div style="display: flex; justify-content: space-around;"><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></div> <div style="display: flex; justify-content: space-around; font-weight: bold; font-size: small;">Yes No N/A</div> |
| Describe Basis for Conclusion: | |

15.

| | |
|---|--|
| If funds are deposited in an interest bearing account, what provisions have been made for return of interest income to HUD? [Grant Agreement, Article I, Sections D and E] | <div style="display: flex; justify-content: space-around;"><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></div> <div style="display: flex; justify-content: space-around; font-weight: bold; font-size: small;">Yes No N/A</div> |
| Describe Basis for Conclusion: | |

D. INTERNAL CONTROLS (Reference for some of the questions: GAO/AIMD-98-21.2.1, “Framework for Federal Financial Management System Checklist,” May 1998)

16.

| | |
|--|---|
| [OS] a. Does the RHED program participant have an organizational chart or equivalent that sets forth the actual lines of authority and responsibility? [Grant Agreement, Article I, Sections D and E] | <div style="display: flex; justify-content: space-around;"><input type="checkbox"/> <input type="checkbox"/></div> <div style="display: flex; justify-content: space-around; font-weight: bold; font-size: small;">Yes No</div> |
| Describe Basis for Conclusion: | |

| | |
|--|---|
| b. Are duties for key employees of the RHED program participant defined? [Grant Agreement, Article I, Sections D and E] | <div style="display: flex; justify-content: space-around;"><input type="checkbox"/> <input type="checkbox"/></div> <div style="display: flex; justify-content: space-around; font-weight: bold; font-size: small;">Yes No</div> |
| Describe Basis for Conclusion: | |

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|--|--------------------------|--------------------------|
| c. Has the RHED program participant obtained fidelity bond coverage for responsible officials? [Grant Agreement, Article I, Sections D and E] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |

Describe Basis for Conclusion:

| | | |
|---|--------------------------|--------------------------|
| d. Are there individuals who have authorization to approve, disapprove or disperse funds, approve or execute contracts, or deposit or withdraw funds from the entity's financial institutions but are not bonded? [Grant Agreement, Article I, Sections D and E] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |

Describe Basis for Conclusion:

| | | |
|--|--------------------------|--------------------------|
| e. Does the RHED program participant's chart of account include a complete listing of the account numbers used to support the control needed to ensure that resources used do not exceed resources authorized? [Grant Agreement, Article I, Sections D and E] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |

Describe Basis for Conclusion:

| | | |
|--|--------------------------|--------------------------|
| f. Does the RHED program participant's internal controls provide reasonable assurance that appropriate individuals approve recorded transactions in accordance with management's general or specific criteria? [Grant Agreement, Article I, Sections D and E] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |

Describe Basis for Conclusion:

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| | |
|--|---|
| <p>g. Does the RHED program participant's controls over the design and use of documents and records provide reasonable assurance that transactions and events are properly documented, recorded, and auditable? [Grant Agreement, Article I, Sections D and E]</p> | <input type="checkbox"/> <input type="checkbox"/> Yes No |
| <p>Describe Basis for Conclusion:</p> | |
| <p>h. Does the RHED program participant's segregation of duties controls effectively reduce the opportunity for someone to perpetrate or conceal errors or irregularities in the normal course of duties? [Grant Agreement, Article I, Sections D and E]</p> | <input type="checkbox"/> <input type="checkbox"/> Yes No |
| <p>Describe Basis for Conclusion:</p> | |
| <p>i. Is it clear that all personnel are responsible for communicating upward the RHED program participant's operating problems and noncompliance with laws and regulations? (Include, in response below, subject matter, methods of distribution, and dates.) [Grant Agreement, Article I, Sections D and E]</p> | <input type="checkbox"/> <input type="checkbox"/> Yes No |
| <p>Describe Basis for Conclusion:</p> | |
| <p>j. Does the RHED program participant's internal control procedures support its ability to prepare financial statements that are fairly presented in conformity with generally accepted or other relevant and appropriate accounting principles and regulatory requirements? (One level of assurance of the accuracy and integrity of data is provided by the attainment of an unqualified opinion on the audited annual financial statements and internal controls.) [Grant Agreement, Article I, Sections D and E]</p> | <input type="checkbox"/> <input type="checkbox"/> Yes No |
| <p>Describe Basis for Conclusion:</p> | |

Rural Housing and Economic Development (RHED) Program

E. ACCURACY OF REPORT INFORMATION

17.

[OS] How does the RHED program participant demonstrate that its systems and/or procedures ensure that accurate information is collected and reported to HUD and that such systems and/or procedures comply with Federal policies and requirements governing reporting?

[Grant Agreement, Article I, Sections D and E, and Article V]

Describe Basis for Conclusion:

18.

[OS] Does the financial information (e.g. drawdowns, unexpended balances) recorded in HUD's Line of Credit Control System (LOCCS) match the official accounting records of the RHED program participant for the period covered by the last Semi-Annual Report submission?

[Grant Agreement, Article I, Sections D and E, and Article V]

☐

Yes

☐

No

Describe Basis for Conclusion:

19.

[OS] Does the RHED program income information in its official accounting records match the performance report information for the period covered by the most recent completed Semi-Annual Report?

[Grant Agreement, Article I, Sections D and E, and Article V]

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Yes

☐

No

Describe Basis for Conclusion:

20.

| | | |
|---|---------------------------------|--------------------------------|
| Did the RHED participant's program generate any program income, acquired and/or sold any property, or make any loans? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Describe Basis for Conclusion: | | |

21. Loan Servicing

| | | | |
|---|---------------------------------|--------------------------------|---------------------------------|
| [OS] a. If the RHED program participant provides loans, does it have a system for properly servicing all loans (including deferred payment loans and revolving loan funds) that includes: | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| i. written loan agreements that clearly describe the repayment terms, what constitutes a default and how it can be cured, and what actions the participant will take if the default is not cured, and (if applicable) what is pledged as security for the loan? | | | |
| ii. collection procedures that provide for the recognition of all current amounts due, payments received, notification to borrower when payments are overdue, a process for taking further action on defaulted loans, and criteria for writing off bad debts? | | | |
| [Grant Agreement, Article I, Sections D and E, and Article V] | | | |
| Describe Basis for Conclusion: | | | |

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F. SALARIES AND WAGES

22.

| | |
|--|--|
| [OS] If salaries and wages of RHED employees are chargeable to a <u>single</u> grant program or cost objective, are these costs based on payrolls documented in accordance with the generally accepted practice of the RHED program participant and approved by a responsible official? [Grant Agreement, Article I, Sections D and E] | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A |
| Describe Basis for Conclusion: | |

23.

| | |
|---|--|
| [OS] If RHED employees work on <u>multiple</u> programs or cost objectives and their time is being charged on a direct basis (e.g. salaries and wages are supported by time distribution records)? [Grant Agreement, Article I, Sections D and E] | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A |
| Describe Basis for Conclusion: | |

G. INDIRECT COSTS

24.

| | |
|---|--|
| [OS] Are indirect costs charged to the RHED program? | <input type="checkbox"/> <input type="checkbox"/> Yes No |
| Describe Basis for Conclusion: | |

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25.

| | |
|--|--|
| <p>a. If indirect costs are charged to the RHED program by a program participant or a subrecipient that is a governmental unit, are the costs supported by an indirect cost proposal prepared in accordance with OMB Circular A-87? (If yes, identify cognizant federal agency and cite date of approval.)</p> <p>[Grant Agreement, Article I, Sections D and E]</p> | <div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> </div> <div style="display: flex; justify-content: space-around; font-size: small;"> Yes No N/A </div> |
| <p>Describe Basis for Conclusion:</p> <div style="height: 80px; border: 1px solid black;"></div> | |

| | |
|---|--|
| <p>b. If indirect costs are charged to the grant program by a subrecipient that is a nonprofit organization, are the costs supported by an indirect cost proposal prepared in accordance with OMB Circular A-122?</p> <p>[Grant Agreement, Article I, Sections D and E]</p> | <div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> </div> <div style="display: flex; justify-content: space-around; font-size: small;"> Yes No N/A </div> |
| <p>Describe Basis for Conclusion:</p> <div style="height: 80px; border: 1px solid black;"></div> | |

26.

| | |
|--|--|
| <p>If the RHED program participant charges indirect costs to the grant, is there any evidence to indicate that costs are <u>not</u> being billed in accordance with the Indirect Cost Rate?</p> <p>[Grant Agreement, Article I, (D) and (E)]</p> | <div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> </div> <div style="display: flex; justify-content: space-around; font-size: small;"> Yes No N/A </div> |
| <p>Describe Basis for Conclusion:</p> <div style="height: 80px; border: 1px solid black;"></div> | |

Rural Housing and Economic Development (RHED) Program

H. OMB CIRCULAR A-133: AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS

Instructions: RHED program participants are subject to OMB Circular A-133, which establishes audit requirements pursuant to the Single Audit Act Amendments of 1996 for states, local governments, and non-profit organizations that receive federal aid. The Circular defines responsibilities for implementing and monitoring those requirements. Program participants that, in turn, provide Federal funds to secondary organizations are called pass-through entities. For simplification purposes, the term “subrecipient” will be used in this Exhibit to refer to all such secondary organizations. Pass-through entities are required by OMB A-133, §____.400(d) to establish systems to oversee subrecipient compliance with A-133. This section of questions is designed to assist in determining whether the RHED program participant is in compliance with the required elements of an audits management system. An audits management review worksheet (Attachment I) is attached to this Exhibit that can be used to help document the results from testing a sample of grants to subrecipients against the participant’s control system.

27.

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|---|--|
| Does the RHED program participant meet the threshold, or have any subrecipients that meet the threshold, for having a single audit performed? If no, skip questions 25 through 44 and the Audit Review Worksheet. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Describe Basis for Conclusion: | |

28.

| |
|--|
| What is the RHED program participant’s means of ensuring that audits are conducted to meet all of the following: a. At the proper time? b. By independent, qualified personnel? c. In a manner which meets the Comptroller General’s audit standards? [Grant Agreement, Article I, Sections D and E, and Article II] |
| Describe Basis for Conclusion: |

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29.

| | |
|---|----------------------|
| Does the audit report for the period reviewed indicate that the financial statements present the RHED program participant's financial position and the results of its financial operations in accordance with generally accepted accounting principles? [Grant Agreement, Article I, Sections D and E, and Article II] | Yes No |
| Describe Basis for Conclusion: | |

30.

| |
|--|
| What is the RHED program participant's procedure for informing subrecipients of the OMB Circular A-133 audit requirements? [Grant Agreement, Article I, Sections D and E, and Article II] |
| Describe Basis for Conclusion: |

31.

| | |
|---|----------------------|
| Does the RHED program participant ensure that each subrecipient expending \$500,000 or more in Federal awards during the subrecipient's fiscal year meets the audit requirements of OMB Circular A-133? [Grant Agreement, Article I, Sections D and E, and Article II] | Yes No |
| Describe Basis for Conclusion: | |

32.

| | | |
|--|------------------------------|-----------------------------|
| Do selected audit reports for the period reviewed indicate that the financial statements present fairly subrecipients' financial position and the results of their financial operations in accordance with generally accepted accounting principles? [Grant Agreement, Article I, Sections D and E, and Article II] | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Describe Basis for Conclusion: | | |

33.

| |
|---|
| How does the RHED program participant ensure that each subrecipient audit has determined whether the subrecipient has internal accounting and other control systems to provide reasonable assurance that it is managing Federal financial assistance programs in compliance with applicable laws and regulations? [Grant Agreement, Article I, Sections D and E, and Article II] |
| Describe Basis for Conclusion: |

34.

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|---|
| How does the RHED program participant ensure that each audit has determined whether the subrecipient has complied with laws and regulations that may have a material effect on its financial statements and on each major Federal assistance program? [Grant Agreement, Article I, Sections D and E, and Article II] |
| Describe Basis for Conclusion: |

35.

How does the program participant ensure that audit reports are submitted within the earlier of: (i) thirty (30) days after receipt of the auditor's report (s), or (ii) nine (9) months after the end of the audit period?

[Grant Agreement, Article I, Sections D and E, and Article II]

Describe Basis for Conclusion:

36.

How does the RHED program participant ensure that audit costs are allowable as a direct cost or as an allocated indirect cost, as determined in accordance with the applicable OMB cost principles?

[Grant Agreement, Article I, Sections D and E, and Article II]

Describe Basis for Conclusion:

37.

Does the RHED program participant have a means for determining what corrective actions by subrecipients are necessary and appropriate to resolve findings and that such actions are taken?

☐☐

Yes

No

[Grant Agreement, Article I, Sections D and E, and Article II]

Describe Basis for Conclusion:

38.

| | | |
|--|-----|----|
| Does the RHED program participant ensure that management decisions for audit findings are issued within six (6) months after receipt of subrecipient audit reports, and that follow-up is provided to ensure appropriate and timely corrective actions by its subrecipients? [Grant Agreement, Article I, Sections D and E, and Article II] | Yes | No |
| Describe Basis for Conclusion: | | |

39.

| | | |
|--|--------------------------|--------------------------|
| Does the RHED program participant have a means for deciding whether the subrecipient audit necessitates adjustment of the participant's records? [Grant Agreement, Article I, Sections D and E, and Article II] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |

40.

| | | |
|--|--------------------------|--------------------------|
| Did record review disclose any items that should have been adjusted in the RHED program participant's records, but were not? [Grant Agreement, Article I, Sections D and E, and Article II] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |

41.

| | |
|---|---|
| Does the RHED program participant's system or procedure require each subrecipient to permit independent auditors and participant staff to have access to the records and financial statements, as necessary, to comply with the Circular? [Grant Agreement, Article I, Sections D and E, and Article II] | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Describe Basis for Conclusion: | |

42.

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|---|
| What is the RHED program participant's process for reviewing and reaching determinations to accept or reject findings and properly documenting such determinations? [Grant Agreement, Article I, Sections D and E, and Article II] |
| Describe Basis for Conclusion: |

43.

| | |
|---|---|
| Does the RHED program participant have a process for referral of agency contested findings and recommendations to senior level officials, outside of the normal chain of command, for resolution? [Grant Agreement, Article I, Sections D and E, and Article II] | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Describe Basis for Conclusion: | |

Rural Housing and Economic Development (RHED) Program

44.

| | |
|---|---|
| a. Does the RHED program participant have a system or procedure to promptly inform HUD and federal law enforcement authorities of illegal acts or irregularities? [Grant Agreement, Article I, Sections D and E, and Article II] | <input type="checkbox"/> <input type="checkbox"/> Yes No |
| Describe Basis for Conclusion: | |

| |
|--|
| b. If yes, what is procedure(s)/criteria used in determining when to notify authorities? |
|--|

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|---------------------------------------|
| Describe Basis for Conclusion: |
|---------------------------------------|

45.

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|--|---|
| Is there a procedure to establish an account receivable from subrecipients when monetary sanctions are involved? [Grant Agreement, Article I, Sections D and E, and Article II] | <input type="checkbox"/> <input type="checkbox"/> Yes No |
| Describe Basis for Conclusion: | |

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46.

| | | |
|--|------------|-----------|
| Is there a means of ensuring consistent treatment of all audit findings? [Grant Agreement, Article I, Sections D and E, and Article II] | Yes | No |
| Describe Basis for Conclusion: | | |

47.

| | | |
|---|--------------------------|--------------------------|
| Does the RHED program participant make positive efforts to use small businesses, minority-owned firms, and women's business enterprises in procuring audit services, and does its system encourage localities or subrecipients/subgrantees to do the same? (Note: Because RHED program participants are <u>not required</u> to use minority-owned financial institutions, but <i>encouraged</i> to do so pursuant to OMB Circular A-133, §____.305(a), a "No" response to this question would NOT constitute a finding.) | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |

Rural Housing and Economic Development (RHED) Program

| Attachment I: Guide for Review of RHED OMB Circular A-133 Audits Management System | | | |
|---|--|--------------|--|
| Name of Program Participant: | | | |
| Staff Consulted: | | | |
| Name(s) of Reviewer(s): | | Date: | |

Instructions: This worksheet is intended to supplement the information contained in the Section H. OMB Circular A-133: Audits of States, Local Governments, and Non-Profit Organizations, of this Exhibit. Where subrecipient audits are reviewed to confirm the implementation of the RHED program participant's system, select a sample of grants and insert the names of the subrecipients in column (a) and the fiscal year end dates in column (b) of Part I. Insert due dates and receipt deadlines in columns (c) through (e) of Part I; and answer "yes" or "no," as appropriate, in columns (f) through (j) of Part II.

PART I - RECEIPT DEADLINES

| | Subrecipient Name | Fiscal Year End Date | Audit Report Date | Audit Due Date | Audit Received Date |
|-----|--------------------------|---------------------------------|------------------------------|---------------------------|--------------------------------|
| | (a) | (b) | (c) | (d) | (e) |
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| 7. | | | | | |
| 8. | | | | | |
| 9. | | | | | |
| 10. | | | | | |

| X | A-133 Met? | Corrective Actions Accepted? | Corrective Actions Documented? | Corrective Actions Taken? | Corrective Actions Taken in 6 months? |
|-----|------------|------------------------------|--------------------------------|---------------------------|---------------------------------------|
| | (f) | (g) | (h) | (i) | (j) |
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| 7. | | | | | |
| 8. | | | | | |
| 9. | | | | | |
| 10. | | | | | |

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| Explain negative responses or delays in complying with the required deadlines. |
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